

RTO West Appendix: Settlements and Billings
3/19/01 DRAFT

1. Applicability

- a) RTO West shall transact business on the RTO West Grid on an hourly basis, or a shorter time basis as RTO West shall prescribe, with Scheduling Coordinators (“SCs”, including the SCs of Self-Tracking Systems) who represent End-Use Customer Loads and Generating Unit, Dispatchable Demand and import/export Resources, and with Participating Transmission Owners (“TOs”). Settlement and billing standards, rules, practices and procedures necessary for the transaction of business between RTO West and SCs, and between RTO West and Participating TOs are contained herein. The terms and requirements of this Appendix G are subject to modification and interpretation based on applicable laws, tariffs or regulations, including requirements of Federal Energy Regulatory Commission (“FERC” or “Commission”) and State regulatory bodies with jurisdiction over electric service.
- b) Settlement and billing procedures for services rendered between the parties relate to the following types of charges and credits:
 - i) Company Rate Charges(for details of these charges see Appendix O, Transmission Rate Design);
 - ii) Charges for Firm Transmission Rights (“FTRs”), Recallable Transmission Rights (“RTRs”) and, if and when applicable, Non-firm Transmission Rights (“NTRs”) (for details of these charges see Appendix A, Congestion Management);
 - iii) Allocation of the revenues received from the purchasers of FTRs, RTRs and, if and when applicable, NTRs (for details of these payments see Appendix A, Congestion Management);
 - iv) Charges for Ancillary Services provided to an SC, including Balancing Energy (for details of these charges see Appendix D, Ancillary Services);
 - v) Credits for Ancillary Services provided by an SC, including Balancing Energy (for details of these payments see Appendix D, Ancillary Services);
 - vi) RTO West Uplift Charges (for details of these charges see Appendix O, Transmission Rate Design);
 - vii) RTO West Scheduling and Dispatch Charges (for details of these charges see Appendix O, Transmission Rate Design);

- viii) Charges and credits related to emergency response (for details of these charges and payments see Appendix C, Dispatch and Emergency Operations); and
 - ix) Other charges as identified by RTO West and approved by the Commission.
- c) Settlement and billing information shall be provided on a daily basis and on a monthly basis, as described herein. Payment of amounts due shall be made on a monthly basis through the monthly invoice procedure.

2. Administration

RTO West Settlements Administration DRAFT 3 for DISCUSSION PURPOSES

The RTO West settlements administration process is based on a framework that uses both initial and final invoice and payment for each settlements period. The initial invoice is based on information from both the pre-schedule process and from events that occur on real-time. This information will be provided in the Schedule Check-Out Report. The final invoice is based on all of the previously described information as well as meter data. The information for the final invoice will be provided in the Settlement Statements. The SC will have a review and dispute period for each both Schedule Check-Out Reports and Settlement Statements.

RTO West will engage an organization to act as Paying Agent (*see cite appropriate reference*). The information regarding the Paying Agent in the tariff is just a description and in no way binds the Paying Agent as the duties of the Paying Agent are described in (citation). Any disputes with the Paying Agent are governed by that document. The role of the Paying Agent will be to distribute payments to (*RTO West, Participating Transmission Owners, FTR Owners, suppliers of energy imbalance(A/S?)...*) according to the current Paying Agent Disbursement Instructions.

A) Steps leading to the Preliminary (estimated) Invoice and payment thereon are as follows:

- i) RTO West shall issue a Preliminary Schedule Check-out Report to the Scheduling Coordinator on the Business Day two (2) days after each Trading Day during which the Scheduling Coordinator transacts business (*By “transact business” do we mean for every day on which the SC either preschedules or buys/sells in a real-time market?*) on the RTO West Grid. This report will reflect charges and credits based on pre-schedules, schedules adjustments, and real-time events, (*estimates for?... how much information can RTO West reasonably get into these?*)
- ii) If the SC disputes any portion of the charges included in the Preliminary Schedule Check-out Report, the SC shall file a notice of dispute with RTO West no later than close-of-business three (3) Business Days after the issuance

of the Preliminary Schedule Check-Out Report. Changes to the transaction information provided in the Schedule Check-Out Report resulting from an RTO accepted-dispute will be reflected in the preliminary (estimated) invoice.

- iii) RTO West shall issue a Final Schedule Check-out Report to the Scheduling Coordinator no later than seven (7) Business Days following each trading day for each trading day during which the Scheduling Coordinator transacts business on the RTO West Grid.
- iv) Ten (10) days after the end of the trading month, RTO West shall send a preliminary invoice to the Scheduling Coordinator, which invoice shall be the Scheduling Coordinator's estimated bill. NOTE: If a customer has signed an agreement to hold credit responsibility to RTO West for non-transaction based charges, the RTO will bill the customer directly for that portion of their charges and the Scheduling Coordinator will bill them for the charges that are transaction-based. Otherwise the Scheduling Coordinator will bill the customer for both non-transaction based and transaction-based charges.
- v) Twenty (20) days after the end of the trading month, the Customer (*Need to introduce the customer*) and Scheduling Coordinator shall make payment to the Paying Agent and/or Energy Northwest. ? Immediately upon reaching the payment deadline, the Paying Agent will provide each Scheduling Coordinator with complete information on payments from the Customers that they represent.
- vi) Twenty-one (21) days after the end of the trading month, Scheduling Coordinators have the opportunity to address any Customer non-payment issues by represented Customers.
- vii) Twenty-two (22)* days after the end of the trading month, the Payment Agent will distribute payments as specified in the current Payment Agent Distribution Instructions.

*Assumes that either EFT or wire transfers would be acceptable methods of payment.

B) Steps leading to the Final Invoice and payment thereon are as follows:

- viii) The Scheduling Coordinator will complete the final daily meter data collection and verification, and submit that data to RTO West (*as described in – cite reference*) no later than forty-five (45) Calendar Days after the **last** trading day of the month. (*Still need to research how much time is needed to collect and verify metering data for utility generation, consumer-owned generation, loads, load-based ancillary services products, and load profiling if used, and retail access as relevant?*) NOTE: The DSTAR Scheduling Coordinator Appendix J section a.iv states that one of the duties of the SC is

to “Supply Settlement Ready Information to DSTAR in a timely manner and in the form required, in accordance with Appendix M, Metering,...)

CHANGED from days after the FIRST trading day of the month to the days after the LAST trading day of the month based on information regarding metering data collection needs for retail customers.

NOTE: Need to determine point at which SCs would give RTO data on transactions related to Energy Northwest, other complexities to address bond stability, risk of co-mingling revenue, under-recovery risk...) – needs to be reflected in the Preliminary Settlements Statement (SCs likely to be the only parties with complete set of information).

- ix) RTO West shall issue the Preliminary Daily Settlement Statement to the Scheduling Coordinator no later than forty-eight (48) Calendar Days after the last day of the trading month for each trading day on which it transacts business on the RTO West Grid. The Preliminary Daily Settlement Statement shall reflect the final schedule check-out report, including any accepted disputes. It will also reflect metering data any other available data relevant to the settlement of the Scheduling Coordinator’s transactions for that trading day.
- x) The Scheduling Coordinator shall provide written notice to RTO West of disputes on the Preliminary Daily Settlement no later fifty-eight (58) Calendar Days after the last trading day of the month in order that errors may be identified and errors and/or disagreements be resolved. Any *(line?)* items on the Preliminary Settlement Statement that the Scheduling Coordinator does not dispute will be included on the final settlements statement *(need to determine the full disputes model – if not disputed, is it financially binding for the final invoice unless the RTO changes it to reflect an accepted dispute filed by another SC?)*
- xi) On day 62 after the last trading day of the trading month, RTO West shall issue a Final Settlement Statement to the Scheduling Coordinator.
- xii) The Scheduling Coordinator shall provide written notice to RTO West of disputes on *(the differences between the Preliminary and)* Final Settlement Statements *(is this the model we want to use?)* to RTO West no later ten (10) days after the issuance of the Final Settlement Statement in order that errors may be identified and errors and/or disagreements may be resolved. The dispute period on the Final Settlements period ends seventy-two (72) days after the last day of the trading month. *(NOTE: Could allow further submission of disputes on Preliminary Settlement Statement information as well to extend the timeline to find errors, but would need to have workable incentive to get as many disputes in during that initial dispute window as possible).*

The RTO West Final Invoice procedures shall be as follows:

- i) A Final Monthly Invoice shall be issued by West to each for each Billing Month during which it transacts business on the RTO West Grid no later than seventy-seven (77) Calendar Days after the first trading day of each Billing Month. The amount due (payable) on the Final Monthly Invoice shall be total of all charges due from the Scheduling Coordinator less all payments owing to the Scheduling Coordinator and less the amount paid in the estimated invoice.
- ii) Disputes that remain unresolved after the dispute periods shall be pursued by the parties through the RTO West disputes Alternative Dispute Resolution (“ADR”) process. As each dispute is resolved, the results of the dispute shall appear as adjustments on the next Preliminary Daily Settlement Statement, identifying the details of the original dispute and the net effect on the SC’s account. (
- iii) Payment is due to the Paying Agent and/or Energy Northwest 84 Calendar Days after the first trading day of the billing month (*Need to deal with interest issues [and possible overpayments to Energy Northwest on Preliminary Invoice?]*)
- iv) *SC who are representing entities other than themselves need 24 hours to deal with any non-payment issues by those customers – amount of time needed depends somewhat on the deadline for the electronic transactions and what time the information becomes available.*
- v) Through the Paying Agent, RTO West makes disbursements of funds eighty-six (86) Calendar Days after the end of the trading month

C) Standard information shall be as follows: (DSTAR Section G.6 moved to this location)

- i) The payments and charges in the Final Monthly Invoice shall be based on all of the Final Daily Settlement for the trading days of the Billing Month and reflect the amounts already billed in the Preliminary Monthly Invoice.
- ii) Each Preliminary Monthly Invoice shall include, but not be limited to, the following information:
 - a) Invoice Amount – The aggregate total of all charges and credits due from or to an SC for the preliminary estimate of the (*define the charges that the Preliminary invoice applies to*)
 - b) Late Payment Penalties if applicable
 - c) Payment due date and time
 - d) Banking details for funds transfer, including account number, bank name and electronic transfer instructions for the account, for payment to RTO West or for payments to the SC.

- iii) Final Monthly Invoice – Each Final Monthly Invoice shall include, but not be limited to the following information:
 - a) Invoice amount – The aggregate total of all final charges and credits due from or to an SC for each service rendered by or to RTO West for each Settlement Day of the Billing Month, adjusted to reflect amounts already charged or credited with the Preliminary Monthly Invoice.
 - b) Adjustments for prior Billing Months, including sufficient information to identify the source of the adjustment.
 - c) Late payment penalties, if applicable
 - d) The time period covered for each line item in the invoice.
 - e) Payment due date and time
 - f) Banking details for funds transfer, including account number, bank name, and electronic transfer instructions for the account, for payment to RTO West or for RTO West payments to the SC.
- iv) Payments
 - a) Payment for services rendered are due and payable by all to Energy Northwest/the Paying Agent on or before 5:00 pm in the Pacific Prevailing Time no later than the (DSTAR uses 5th Calendar Day – suggest business day) following the issuance of the Preliminary Monthly Invoice or Final Monthly Invoice
 - b) All payments shall be made by immediately available electronic funds transfer to accounts properly identified and authorized by the receiving party.
 - c) Payments shall be made for the full amount of the Preliminary Monthly Invoice or Final Monthly Invoice, including disputed amounts.
 - d) Payments may be made by a third party. *(Need to flesh this out. In addition, need to add information here based on the principle from stage 1.)* In such case the responsible party *(use correct term when created)* must assure that all requirements of this Appendix are followed.

Need something on information that SCs must provide to the RTO West (for example, on what transactions are related to Energy Northwest for net billing purposes)

Review and Audit of Settlement Systems

The systems used by DSTAR in preparing settlement statements shall be subject to periodic examination.

A) An internal group of RTO West employees, or other entity specified by the RTO West, having the required competence in auditing financial systems shall be convened

from time to time or as requested by the RTO West Board, to review the operations and accuracy of the RTO West settlement systems. This group shall report its findings directly to the RTO West Board, or to its designated subcommittee. The group's examination shall include, but not be limited to, the following:

- i) Adequacy and accuracy of calculations;
- ii) Adequacy of internal controls and external protections for the security of the systems involved (*Needs more specification*)
- iii) Adequacy of security systems involved in protecting the confidentiality of information used in the settlement processes; and
- iv) Adequacy and effectiveness of the organization that employs the systems. (*What does this mean? Appropriate application of the system? Appropriate judgement on disputes? Timeliness? Something else?*)

B) A qualified external auditor shall be engaged from time to time as instructed by the RTO Board to examine the operation of the RTO West settlement software systems identify any discrepancies between the RTO West tariff (*protocols?*) and the settlements system. (*Should there be such an audit prior to RTO West opening? If so, need to say that here unless something else in the tariff requires audit of all systems.*) Findings shall be reported to the RTO West Board of Trustees and made available to the RTO West Board Advisory Committee and all certified Scheduling Coordinators within two weeks.

Review and Audit of Data Provided to RTO West

RTO West shall, from time to time, and without advance notice, audit and examine the sources of data and the means of data manipulation and/or management used by parties that provide data to RTO West for purposes of settlement and billing. The purpose of such examination is to ensure the accuracy, adequacy, and of data being provided to RTO West. Parties who provide data to RTO West as required in Section ___ shall agree to assist in such examination. (*No changes to this section other than removal of DSTAR and insertion of RTO West*).

Net Billing (Suggest RTO West use term like “Net Invoicing” to distinguish it from the “Net Billing” term that the NW region associates with the Energy Northwest payment processes).

a) Net Invoicing – All invoicing by RTO West to any SC shall be for the net amount due and payable either to RTO West by the SC or payable to the SC by RTO West, with the exception of any monies related to Energy Northwest Net Billing arrangements. Preliminary and Final Monthly Invoices shall describe in detail the services provided to the SC by RTO West and the services provided to RTO West by the SC, and the financial amounts associated with the services such that all invoice netting is clearly

communicated. *(Should transaction netting be reflected on daily settlements statements despite the complexities of the Energy Northwest Net Billing or just done on invoices?)*

b) DSTAR - In regard to billing for FTR auctions, Net Invoicing will be allowed such that FTR purchasers with FTR Requirements Load rights, converted ECs rights, or load ratio share rights (as defined ____) to FTR auction revenues will be required to pay only for the amount by which the cost of the purchased FTR rights exceeds their designated rights to FTR auction revenues. *(Appropriate language for RTO West tariff depends on the FTR auction model. RTO West model is for FTRs for NCRs/load service to be exempt from the auction, therefore netting is not relevant. There is one possible exception to that model currently under debate.)*

3. Information Required for Settlement and Billing

4. Calculation, Assignments and Pricing of Unaccounted for Energy

Four factors included in UFE:

1. Meter error
2. Energy theft
3. Distribution loss
4. Statistical load profiling error

5. Distribution and Transmission Losses

Awaiting resolution of the losses issue

6. Monthly Invoice and Payments

Incorporated into Section 2

7. Payment to Participating TOs of Amounts Due

8. Late Payment and/or Non-Payment of Invoices

- d) Unless the amount of an invoice is disputed under Section G.9, in the event that a payment due to DSTAR is not made in a timely manner as described in Sections G.6.c above, or not made in full, DSTAR may charge a late payment penalty on the unpaid balance equal to the sum of the Prime Interest Rate plus two (2) percentage points, compounded daily, applied to the unpaid balance. [NOTE: interest is assessed both on estimated as well as final payments. Dispute tolls accrual of interest and default action.]
- e) Unless the amount of an invoice is disputed under Section G.9, in the event that any amount due remains unpaid for twenty-four (24) hours after when it is due, DSTAR may declare the amount due to be in default. In event of

default, DSTAR may take any or all of the following actions against the defaulting party:

- i) Enforcement against the security of a defaulting party - DSTAR shall take the actions necessary to make claim against the security provided by the defaulting party in order to clear the default amount, including accrued late payment penalty.
- ii) Offset against amounts owed to defaulting party - DSTAR shall take the actions necessary to offset amounts owed to the defaulting party against the default amount, including accrued late payment penalty.
- iii) Limitation, suspension, or termination of DSTAR Grid usage privileges - DSTAR may impose penalties and/or sanctions against a defaulting party that may include suspension of DSTAR Grid usage privileges up to and including the suspension of the defaulting party's certification.
- iv) Other appropriate legal action - DSTAR may take whatever legal action is appropriate in order to recover the amount due from a defaulting party.

9. Settlement and Billing Disputes

Any party billed by RTO West may dispute information, calculations, charges or credits contained in Daily or Monthly Statements or Invoices (or whatever RTO West decides to name/define them).

- (a) Disputes to be Filed in Writing. Disputes concerning discrepancies in a party's Daily or Monthly Statement(s) and/or Invoice(s) shall be filed in writing with RTO West. Disputes may be filed by U.S. mail, delivery, fax or electronic mail to RTO West or by other written means provided all information listed in section (b) accompanies the disputing party's written notice. Disputes shall be sent to RTO West as follows:

If by U.S. Mail: RTO West Billing Department
P. O. Box 230
Portland, OR 97xxx-xxxx
ATTN: Billing Disputes

If by Delivery: RTO West Billing Department
500 kV Steel Tower Lane
Portland, OR 97xxx-xxxx
ATTN: Billing Dispute

If by fax: 1-800-BAD-BILL

If by email: billingdispute@rtowest.com

(b) Deadlines for Disputes.

1. Daily Statements. For disputes concerning discrepancies in a Preliminary Daily Settlement Statement, the disputing party shall submit its written notice to RTO West within [number to be determined from settlements process] Business Days of the issuance of such Daily Settlement Statement. Final Daily Settlement Statements that contain no matters in dispute after [number to be determined from settlements process] Business Days shall be deemed final and not subject to further adjustment.
2. Monthly Statements. For disputes concerning discrepancies in a Preliminary Monthly Statement or Invoice, notice shall be made within [number to be determined from settlements process] Business Days of the issuance of such Monthly Statement or Invoice. Final Monthly Statements or Invoices that contain no matters in dispute after [number to be determined from settlements process] Business Days shall be deemed final and not subject to further adjustment.
3. Deadlines to be honored. Disputes filed after the deadlines contained in sections 1 and 2 above shall not be honored by RTO West, except when deadlines could not be met due to Uncontrollable Forces. Deadlines associated with supporting information are contained in section d.2 below.

(c) Information Included in the Dispute Notice. Dispute notices must contain information sufficient to fully describe and explain the dispute. Information to be contained in the dispute notice shall include but may not be limited to:

1. The Hour(s), Day(s) and Settlement Period(s) involved in the dispute;
2. The date of the Daily or Monthly Statement(s) or Invoice(s) in question;
3. The item(s) disputed;
4. The reason(s) for the dispute;
5. The position of the disputing party concerning the dispute;
6. The remedy requested by the disputing party; and

7. All relevant data and information required to support the disputing party's position.
- (d) Billing Dispute Resolution Process. RTO West shall acknowledge receipt of the disputing party's notice and make a reasonable attempt to process disputes within five (5) Business Days of receipt.
1. RTO West shall determine if the dispute is valid by verifying that it was filed in consistent with the timelines and information requirements contained in sections (b) and (c) above. In acknowledging receipt of the disputing party's notice, RTO West shall state whether timeline and information requirements have been met.
 2. If insufficient information is provided in the dispute notice, RTO West shall attempt to clear the deficiency through consultation with the disputing party. If the disputing party fails to clear deficiencies within five (5) Business Days, the dispute shall be deemed to have no merit.
 3. If RTO West determines that the dispute has no merit, RTO West shall notify the disputing party of its position through written response to the disputing party.
 4. If RTO West finds that the dispute has merit, but disagrees with the position(s) and/or remedy(ies) of the disputing party, RTO West shall attempt to clear the matter through negotiation with the disputing party.
 5. If RTO West cannot resolve the dispute within five (5) Business Days, RTO West shall notify the disputing party of the reason for the delay, and provide an estimated timeframe within which resolution may be expected.
 6. If RTO West determines that the remedy sought by the disputing party should be allowed, or if RTO West and the disputing party reach agreement on an alternate remedy, an adjustment shall be made.
 7. If the dispute remains unresolved at the time of the issuance of the Final Monthly Invoice, or at any time thereafter, the disputing party may submit the dispute to the RTO West ADR process as provided in the RTO West Tariff.
- (e) Payment of Disputed Bills. The disputing party must pay any disputed bill in full by the Due Date. All penalties, including late fees, will apply to any disputed amounts not paid in full by the Due Date.

- (f) Billing Adjustments Following Resolution of Billing Dispute. Any adjustments shall be made on the next available Statement or Invoice unless RTO West and the disputing party agree to an alternate arrangement, or a different arrangement is specified in the ADR decision. If it is determined that the disputing party has overpaid RTO West, the amount overpaid shall be refunded to the disputing party with applicable interest compounded from the date RTO West received the amount overpaid.
- (g) Billing Adjustments Outside the Billing Dispute Process. If RTO West determines, or if any entity subject to this Tariff requests and RTO West agrees, that an adjustment is needed to correct bill(s) based on inaccurate settlements data, then a billing adjustment shall be made. Causes for such inaccurate settlement data may include, but are not limited to, inaccuracy or failure of meters, communication equipment, and computer hardware or software involved in the settlements process. The timeframe identifying such problems shall not be bound by the deadlines provided in section (b) above. Any billing adjustment shall be made on the next available Statement or Invoice unless RTO West and the other party agree to a different arrangement. .

10. Review and Audit of Settlement System

Incorporated into Section 2

11. Review and Audit of Data

Incorporated into Section 2

12. Net Billing

Incorporated into Section 2

13. Inadvertent Accounting

- f) Each Settlement Period DSTAR and its neighboring Control Areas will dispatch their respective systems in order to maintain the scheduled flow of Energy between the Control Areas. At the end of each Settlement Period, the actual total Energy exchanged for the Settlement Period may be different from that scheduled. This is called “inadvertent” and in the Western Systems Coordinating Council (“WSCC”) inadvertent is “paid back in kind.” This means that a Control Area that is a net consumer of inadvertent in one Settlement Period must pay back the inadvertent (i.e., be a net deliverer) in a similar subsequent Settlement Period (i.e., On-Peak Hours inadvertent is paid back in On-Peak Hours and Off-Peak Hours inadvertent is paid back in Off-Peak Hours).

- g) RTO West will use a separate billing account to keep track of its inadvertent exchanges with adjacent Control Areas. RTO West will use regionally accepted practices and methods for negotiating settlement of inadvertent amounts between RTO West and adjacent Control Areas.
- h) Inadvertent Energy that is exchanged between DSTAR and a Self-Tracking System will be priced and settled each Settlement Period at the applicable Balancing Energy Clearing Price for the Settlement Period in accordance with the provisions of Appendix D.